

NYSCEE DOC NO 1

INDEX NO. 655176/2021

RECEIVED NYSCEF: 08/25/2021

## SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF NEW YORK

ADAM SHERMAN, individually and derivatively on behalf of COTTONWOOD VENDING LLC,

Plaintiff,

- against -

ANIELLO ZAMPELLA and COINDADO LLC,

Defendants,

and

COTTONWOOD VENDING LLC,

Nominal Party.

Index No.

## **SUMMONS WITH NOTICE**

Plaintiff designates New York County as the place of trial.

Venue is based on Plaintiff's residence.

## TO THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED: to respond and to serve a notice of appearance on Plaintiff's attorneys, Sadis & Goldberg LLP, 551 Fifth Avenue, 21st Floor, New York, New York 10176 within twenty (20) days after the service of this summons exclusive of the date of service (or within thirty days after the service is complete if this summons is not personally delivered to you within the State of New York), and in case of your failure to answer, judgment may be taken against you by default for the amount set forth below, attorney's fees, sum and interest set forth in the notice together with the costs and disbursements of this action, as well as any other relief the Court deems just.

Plaintiff Adam Sherman ("Plaintiff") is currently employed by nominal party Cottonwood Vending LLC ("Cottonwood"). Plaintiff is employed as the Chief Technical Officer and Chief Information Security Officer for Cottonwood. Cottonwood is 90% owned by defendant Aniello Zampella ("Zampella") and Plaintiff owns the remaining 10% of Cottonwood.

Cottonwood's primary business is operating Bitcoin kiosks/ATMs ("Kiosks"), throughout the New York City area. The Kiosks charge the users a transaction fee and that fee is the primary source of Cottonwood's revenue and profits. Originally, Cottonwood used third party software to operate the Kiosks and paid the third party a license fee equal to a percentage of the notional value of every transaction on the Kiosks. That license fee weighed heavily on Cottonwood's profits because Cottonwood was paying a large portion of its transaction fee to a third party. In 2018, in order to make Cottonwood more profitable, Cottonwood developed its

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own software and now utilizes the software to operate all of its Kiosks (the "Software"). The Software allowed Cottonwood to cease using the third party software and to cease paying license fees to the third party vendor.

However, instead of Cottonwood capturing the license fees it was paying to the third party, Defendants Zampella and Coindado LLC ("Coindado"), converted and misappropriated the Software for their own use. To this end, Zampella created Coindado, which is 100% owned and controlled by him, for the purpose of converting and misappropriating Cottonwood's Software. Without paying Cottonwood any consideration, Zampella copied the Software from a Cottonwood Bitbucket repository and placed it in a new online Bitbucket repository entitled "Coindado". Zampella then executed a "License Agreement" on behalf of Coindado and Cottonwood whereby Coindado licensed to Cottonwood the Software it had just converted in return for a percentage of the notional value of every transaction conducted on the Cottonwood Kiosks. Consequently, Cottonwood was now paying Coindado a license fee to use its own Software. As a result of Defendants' conversion and misappropriation of the Software, as well as the improper License Agreement, Cottonwood has wrongfully paid millions of dollars in fees to Coindado that belong to Cottonwood.

In addition, Zampella and Coindado have converted and misappropriated various other assets of Cottonwood, including a large amount of Bitcoin.

**NOTICE**: Take notice that the nature of this action and the relief sought are individual claims for: (i) a declaratory judgment that Plaintiff is a 10% owner of Cottonwood; (ii) conversion and unjust enrichment for all distributions made by Cottonwood to Zampella and Coindado; (iii) dissolution and equitable dissolution of Cottonwood; and (iv) violations of the New York limited liability company law. Plaintiff also brings derivative claims on behalf of Cottonwood against Defendants for (i) conversion; (ii) misappropriation of trade secrets; (iii) breach of fiduciary duty; and (iv) unjust enrichment.

In case of your failure to appear judgment may be taken against you by default for the sum of at least \$5,000,000.00 with interest, plus the costs and disbursements of this action and/or specific performance.

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Attorneys for Adam Sherman

TO:

Aniello Zampella 8 Spruce Street, Apt. 69T New York, NY 10038

Dated: New York, NY

August 25, 2021

Coindado LLC 151 Calle de San Francisco, Suite 200 PMB 5337 San Juan, PR 00901-1607

Cottonwood Vending LLC 116 Nassau Street, #603 New York, NY 10038